

FALL 2008

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CONSUMER CONNECTION



Credit card fees
only hurt a little –
over and over

Oil changes could be
draining your wallet

Why your TV
may go dark

CRISIS
IN THE
ER

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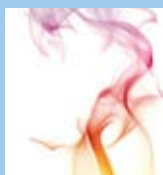
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From the Director



This fall, the Department of Consumer Affairs and the California Consumer Affairs Association will present an unprecedented opportunity for board members, consumer advocates, law enforcement, and others to meet under one roof.

The Professionals Achieving Consumer Trust (PACT) Summit, set for November 18-21 in Los Angeles, will lay the foundation for further collaboration in areas that impact consumers and licensees statewide.

DCA's Boards and Bureau Advisory Committees will hold their regular meetings during the Summit and will be able to attend training sessions designed specifically for them. We will also offer sessions for consumer advocates, district attorneys, and other consumer protection officials, plus panel discussions on current issues affecting consumers. Also planned are a California Consumer Affairs Association training session and a training session for Small Claims Court Advisors.

This summit will help participants establish new lines of communication, share best practices, and improve the way Boards and Bureau Advisory Committees use their resources. It will also tackle shared concerns such as workforce shortages and defining the value of possessing a California professional license.

We are very excited to bring such an important gathering together and look forward to seeing you there. For details or to register, go online to www.dca.ca.gov/summit. There is no charge to attend the summit.

Building consensus among consumer advocates and government will help, but consumers have their own work to do, too. Fraud, scams, rip-offs, and just plain bad choices are everyday risks for most of us. How do we protect ourselves from the forces that seem determined to separate us from our hard-earned money?

The answer is both old and universal: Knowledge is power. Did you know, for example, that you're probably spending too much to change the oil in your car? Or that the Federal government will give you \$80 to help you watch TV? Or that medical discount cards promoted in ads can be of little or no value?

We have all that information and more in this issue of *Consumer Connection*. And, of course, we call your attention to this issue's Consumer Scam Alert roundup of cons being pulled on consumers. You'll especially want to watch out for the \$20,000 phone bill.

In addition, as a reminder that a savvy consumer is a law-abiding consumer, we share highlights of some of the hundreds of new State laws that took effect this year, including the requirement to use hands-free cell phone devices while driving. As always, if there are topics you'd like to see us address in future issues, let us know. Send an e-mail to ConsumerConnection@dca.ca.gov. We are here to help.

A handwritten signature in black ink that reads "Carrie Lopez".

CARRIE LOPEZ, DIRECTOR
California Department of Consumer Affairs

CRISIS IN THE ER

BILLS THAT SHOCK AND AWE

BILLING STATEMENT

MAKE CHECK PAYABLE TO:

PLEASE CHECK METHOD OF PAY:

Family Care Association
100 Elm Street
Anytown, ST 12345
(555) 123-4567

Check Number	Bank Date
Amount	
Endorsement	
Endorsement Date	
Payee's ID#	

ATTENTION:

SEND TO:

Mary Jones
555 Oak Street
Anytown, ST 12345

Family Care Association
100 Elm Street
Anytown, ST 12345

Treatment at a hospital's emergency department (still called ER by many) can save your life, but it can also flatline your bank account – or worse. According to Governor Arnold Schwarzenegger's Office, nearly half of all personal bankruptcies in the nation are related to overwhelming medical bills. And, more than 75 percent of the people involved had health insurance at the onset of their illness.

The good news is whether you are fully insured, underinsured, or without any health insurance, there are many resources to help you get basic medical care without facing financial ruin.

First, determine your needs

Do you have a life-threatening medical emergency? Would an urgent care center or clinic provide the service you need? According to the U.S. Centers for Disease Control and Prevention, of the 115 million ER visits in the U.S. last year, only 15 percent were actual emergency cases. Too many people mistakenly believe that ERs are the medical equivalent of 24-hour convenience stores. ER visits cost three to four times more than a visit to an urgent care center or clinic.

If you have insurance

Evaluate your health insurance. Know which services and procedures are covered and what you will have to pay in copays and deductibles. Make sure you understand all the terms. Carefully note the "exceptions and exclusions." Some plans may pay for ER visits but not ER doctor's fees or some diagnostic fees. Find out about ambulance coverage.

If you have problems with your insurance coverage, here are some resources to help:

- The Department of Managed Health Care regulates and oversees California's health management organizations (HMOs). Contact the HMO Help Center at (888) 466-2219 or (877) 688-9891 (TDD) or go online to www.hmohelp.ca.gov.
- The California Department of Insurance oversees and regulates Preferred Provider Organizations. For information or to file a complaint, call (800) 927-4357, or go online to www.insurance.ca.gov.
- The Office of the Patient Advocate maintains and publishes an HMO Report Card on the quality of HMO services, and advises consumers about their rights as patients. Call (866) 466-8900 or (866) 499-0858 (TDD) or go online to www.opa.ca.gov for a copy of the report.
- The Access for Infants and Mothers program provides low-cost health insurance coverage to uninsured, middle-income pregnant women. For information, call (800) 433-2611 or visit www.AIM.ca.gov.
- The Healthy Families Program provides low-cost health, dental, and vision coverage to uninsured children in working families. For information, call (800) 880-5305 or visit www.healthyfamilies.ca.gov.
- The Major Risk Medical Insurance Program provides health insurance for Californians unable to obtain individual health insurance coverage because of their pre-existing conditions. Due to limited funding, the program may have a waiting list. For information, call (800) 289-6574.

If you do not have insurance

Contact your county social services office for information on eligibility for Medi-Cal. Even if you don't qualify for Medi-Cal, there are other programs you may qualify for, such as:

Hospitals are required by law to advise patients about the availability of charity care, payment discounts, and government-sponsored health insurance, among other things. If you do not receive this information upon entering the hospital, ask for it. The

Office of Statewide Health Planning and Development has a Web site with an interactive map that can show the locations of discount and charity health care near you: <http://syfphr.oshpd.ca.gov/search.aspx>.

Consumer healthcare advocates also provide a number of resources you can use to evaluate and compare health plans. For a list, call Health Access at (510) 873-8787 or go online to www.health-access.org/links_california.htm.

Find out the cost before you're treated

If you are not in a medical crisis, find out what is not covered by your medical insurance, and how much procedures, tests, and other services cost before you agree to pay for them. Although there are customary charges, there is no authority that regulates what a hospital charges for goods and services.

To bill patients, hospitals use a "charge description master" (CDM, also called a "charge master") which lists the

costs of various procedures, therapies, and medications. Under the 2005 Payers' Bill of Rights, hospitals must provide an electronic copy of their CDM to the public. That way, if a hospital is charging \$129 for a box of tissues, \$781 for stockings to promote circulation, or \$48 for a disposable gown, it will be public knowledge. This law also makes it possible for you to compare one hospital's rates and charges to others in your area.

Keep an ER or hospital diary

According to Bankrate.com, hospital overcharges run up to \$10 billion a year in the United States, with an average of \$1,300 per hospital stay. It's a good idea to keep an account of the treatment and services you receive so you will be sure you are billed correctly.

Challenge the charges

If you have a health plan and still receive a bill directly from your hospital, forward the bill to your health plan. You shouldn't have to get caught in a dispute between your health plan

and the hospital. If you have a dispute with your health plan and cannot arrive at a satisfactory conclusion, you may file a complaint with the California Department of Managed Health Care. Call (888) 466-2219 or visit www.hmohelp.ca.gov.

Some consumers who have no insurance and are facing a substantial ER or hospital bill are using the services of independent hospital bill auditors. These professionals comb through hospital bills, looking for overcharges. They also compare the bills to patients' medical records to see if the patients have been charged for services they did not receive. Reliable auditing services should not have upfront fees but should charge only a percentage of what they save you. They should also be listed with their local Better Business Bureau. Check your phone directory or visit www.bbb.org for a Better Business Bureau office near you.

Dealing with medical debt

Your medical bills may no longer be "owned" by a hospital. They may

Case study of a bill questioned

Earlier this year, a Central Valley teacher suspected her severe abdominal pain might be appendicitis. She was advised by her doctor's answering service to seek treatment at a local emergency room. After six hours at the hospital, the pain decreased. She refused a CT scan and asked to be released.

Although she had medical insurance, she was sent a bill for \$11,000, not including the doctor's fee. Stunned, she consulted Dr. Michael S. Wilkes, a professor at the UC Davis School of Medicine. In reviewing her

bill, Wilkes told *Consumer Connection* he noticed \$1,956 in laboratory charges that were grossly inflated. The charges included a complete blood count, \$354; urine test, \$179; and even pregnancy test for \$234. None should have cost more than \$25, according to Wilkes. She was also charged a "definitive care room charge" of \$4,096 and "emergency room utilization charge" of \$3,220. She disputed these amounts, and despite her good insurance, still had to pay \$1,200.

Had she not questioned and vigorously disputed her billing, she would have either had to pay the full \$11,000 or face collectors.

have been sold to a collection agency, often for pennies on the dollar. If that happens, you may want to consult the following publications from the Legal Services Division of the Department of Consumer Affairs.

- *What to do if You Receive a Demand for Payment from a Creditor or a Debt Collection Agency* (DC-1)
- *Summary of the Fair Debt Collection Practices Statutes* (DC-2)

You may order these by calling (866) 320-8652, or find them online at www.dca.ca.gov/publications/legal_guides/index.shtml.

If your medical debts are substantial, you may wish to consult with an attorney, especially if you are considering bankruptcy. For information on finding a lawyer, consult your phone directory for lawyer referral services or go online to www.LawHelpCalifornia.org. For a list of legal aid societies, which assist low-income residents, go online to www.dca.ca.gov/publications/guide/legal_index.shtml.

Confusion over medical discount cards

They seem like health insurance when advertised in newspapers, magazines, television and the Web with statements like this:

**Finally, an affordable health care plan!
No one excluded for pre-existing conditions.
Thousands of providers in our PPO network,
and discounts up to 90%!**

In most cases, discount medical cards require consumers to pay for medical charges up front in order to receive discounts. Since you also have to pay monthly fees and other costs just to have the card, you may not be saving any money. The U.S. Federal Trade Commission (FTC) suggests you might be able to negotiate a similar discount directly with your health care provider without having to join a medical discount program.

Often, these cards are marketed to non-English speakers who mistake them for medical insurance. Typically, the cards only list providers who offer discounts (and who may not be familiar with the discount card). By the time the consumer learns the cards do not pay for any health care costs, it is too late.

A growing number of discount cards are deceptive or fraudulent. To learn more or report a fraudulent discount medical card, contact the FTC at (877) 382-4357 or go online to www.ftc.gov.

Hospitals are required by law to advise patients about the availability of charity care, payment discounts, and government-sponsored health insurance, among other things.



For professional services,

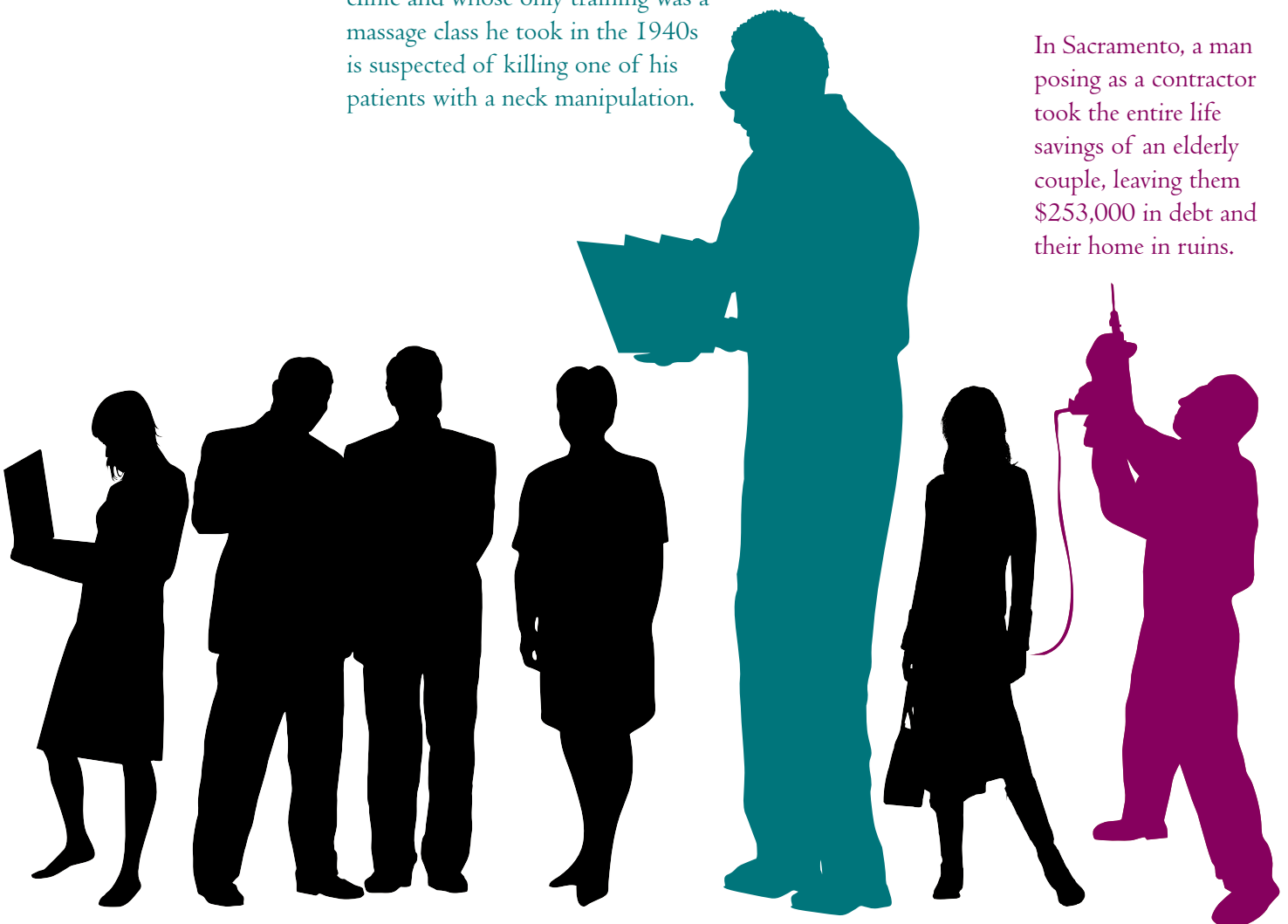
inquire before you hire

Every profession has its share of shady characters who operate outside the law and don't follow industry standards or a code of ethics. These illegal operators give legitimate, licensed professionals a bad name. They also put consumers at risk of losing their money – or even their lives.

HERE ARE SOME RECENT EXAMPLES OF ABUSES:

In Sacramento, a 76-year-old man operating an unlicensed chiropractic clinic and whose only training was a massage class he took in the 1940s is suspected of killing one of his patients with a neck manipulation.

In Sacramento, a man posing as a contractor took the entire life savings of an elderly couple, leaving them \$253,000 in debt and their home in ruins.



In San Francisco, a former doctor scammed more than 1,400 immigrant patients and collected \$138,000 in fees for providing unlicensed medical treatment including useless physical exams, bogus vaccinations, and dangerous blood draws.

In Salinas, a former beautician injected cooking oil into a woman's buttocks as an anti-aging treatment. The woman died after the treatment, and the former beautician was sentenced to prison for 15 years.

Don't let it happen to you!

You can protect yourself from fraudulent, unscrupulous, and unqualified practitioners by checking the license of the professionals you hire. The California Department of Consumer Affairs licenses and regulates more than 2.4 million people in 256 professions. Licensing ensures that these professionals meet the education, training, and competency standards of their industries. Licensing also provides consumers with a remedy if a service is not delivered.

Before you hire any professional, verify the person's license. You'll protect yourself and help put an end to unlicensed activity. To check a license, report unlicensed activity, or file a complaint, call (877) STOP ULA or (877) 786-7852 or go online to www.InquireBeforeYouHire.ca.gov.



Smog Check vehicle retirement program clears the air

The program to help consumers retire a vehicle that failed its biennial (every other year) Smog Check has just gotten easier to use.

Under the Bureau of Automotive Repair's Consumer Assistance Program (CAP), vehicle owners may be eligible for \$1,000 to retire a high-polluting vehicle. To do that, a vehicle owner must complete and submit the CAP application and wait for an approval letter from the Bureau.

Earlier this year, the Bureau began allowing vehicle owners to take a completed application to its Sacramento office for on-the-spot processing. The service proved so popular that BAR added on-the-spot processing to the Fresno, Bakersfield, Oceanside, South El Monte, and Riverside offices.

“Our goal is to find new ways to encourage consumers to participate in CAP and to make the whole process easier for everyone,”

said CAP Manager Tonya Blood.

Nearly 5,000 vehicles have been retired from January through March 2008 under the CAP program. Taking those high-polluting vehicles off the road eliminated 250 tons of hydrocarbons from our air each day. For more information and a copy of the CAP application, visit www.smogcheck.ca.gov or call (800) 952-5210.



Are credit card fees
emptying your pockets?

>>>





Are credit card fees
emptying your pockets?



Would you be surprised if your bank or credit card company did something like this?

- > Raised your interest rate, then applied the higher rate to your old charges.
- > Gave you just a couple of weeks to make a payment, then charged you a fee as high as \$30 for being just one day late.
- > Charged a penalty fee for going over your credit limit, then charged interest on the penalty fee.
- > Charged you a higher rate if you were late paying some other credit card.

You might be surprised to hear about these tactics, but you shouldn't be. Such practices are common for some credit card companies. In most cases, the fees were even explained in the fine print disclosure materials given to cardholders. Do cardholders read and understand those statements? Maybe not.

In the fall of 2006, the General Accounting Office (the investigative arm of Congress) issued a 114-page report that detailed the difficulties consumers have with disclosure statements from banks. The report, *Credit Cards: Complexity in Rates and Fees Heightens Need for More Effective Disclosures to Consumers*, (www.gao.gov/new.items/d06929.pdf) concluded that most people did not understand penalty rate increases, default interest rates, how late payments are calculated, and other related matters. The result is that, for some consumers, interest charges and credit card fees mount so quickly that a cardholder is unable to pay off the debt for years.

In January 2007, the Senate Banking Committee, led by Senator Chris Dodd of Connecticut, began hearings on credit card fees. "'Caveat emptor' or 'buyer beware' should not be used to defend the myriad of confusing, misleading and in some cases predatory practices which have become standard operating procedure for some in the credit card industry," Dodd said at the time.

In spring of this year, Dodd introduced reform legislation called the Credit Card Accountability, Responsibility and Disclosure Act (the Credit CARD Act) that targeted the most abusive practices. The bill

is backed by several leading consumer groups including Consumers Union, the Consumer Federation of America, and Consumer Action. Earlier in 2008, Congresswoman Carolyn Maloney of New York offered a package of similar bills called the Cardholder's Bill of Rights.

Federal regulatory agencies have tackled the issue, too. The Federal Reserve Board, the Office of Thrift Supervision, and National Credit Union Administration have issued a joint proposed rule that would define certain practices (including many of those mentioned at the beginning of this article) as unfair or deceptive. "The proposed rules are intended to establish a new baseline for fairness in how credit card plans operate," said Federal Reserve Chairman Ben Bernanke. "Consumers relying on credit cards should be better able to predict how their decisions and actions will affect their costs. At present, this is not always the case."

It's not just credit cards that have the extra fees. In 2006, consumers paid more than \$36 billion in various fees associated with checking and savings accounts at depository institutions—banks, thrifts, and credit unions, according to a 2008 GAO report on bank fees.



Here are some examples of bank transaction fees:

- > Account maintenance fee
- > ATM balance inquiry fee
- > ATM card replacement fee
- > ATM denied transaction fee
- > ATM fee
- > Cashier's check fee
- > Check enclosure fee
- > Check imaging fee
- > Check printing fee
- > Checking account fee
- > Counter check fee
- > Debit card annual fee
- > Early withdrawal fee
- > Foreign ATM fee
- > Insufficient funds fee
- > Low balance fee
- > Money order fee
- > Notary fee
- > Overdraft fee
- > Pay-by-phone fee
- > Per transaction fee
- > Return of deposited item fee
- > Safe deposit box fee
- > Stop-payment fee
- > Telephone payment
- > Teller fee
- > Wire transfer fee


Here are some tips from various consumer sources on how to avoid the penalty fees that really hit you where it hurts – your credit score and your pocketbook.

- > Never make a credit card payment late.
- > Never bounce a check.
- > Never go over your credit card limit.
- > Never take a cash advance on your credit card.
- > Never use “convenience checks” sent out by your credit card company.

PAST DUE

No matter how painful it is, read the bank's fine print. What you don't understand can hurt you.





DIGITAL TV TRANSITION MAY BE ON THE BLINK

ON FEBRUARY 17, 2009, full-power television stations across the country will stop broadcasting in analog format and will broadcast only in digital format. Whether the change affects you or not depends on the type of TV you have and how you receive your TV signal.

If you're confused about the matter, you're not alone. An audit in May from the U.S. Government Accountability Office showed that although most consumers have heard about the change, many were not doing anything about it. A report from Consumers Union is even more bleak, stating, "One-third of Americans in households that will have no functioning television after February 17, 2009, are completely unaware the transition is coming."

Just how many people will be affected? Consumers Union estimates that 23 million people who receive over-the-air TV signals may have no television service at all after February 17, 2009. In Los Angeles alone, nearly a million households use an antenna to get TV signals, according to a Nielsen Media Research. Not all of those households will be affected by the change, and that's a big part of the confusion.

HERE'S HOW TO KNOW IF YOU SHOULD BE CONCERNED:

If you use an antenna (rooftop or "rabbit ears") and have a digital TV:

- You're home free: You don't have to do anything.

If you have cable or a satellite dish with any kind of TV (analog or digital):

- You're home free: You don't have to do anything.

If you use an antenna (rooftop or "rabbit ears") and have an analog TV:

- Pay attention: Come February 17, you won't get anything on your TV unless you buy a digital converter box, which cost about \$40.

If you're not sure what kind of TV you have:

- Check your TV's instruction manual or look for a menu function on the TV itself that allows you to scan for digital channels. The menu is a typically in a submenu sometimes called "set-up" or "channels." If you switch to a digital channel and you get a picture, your TV is likely to be digital. No worries.

Consumer Reports says your television is probably analog if it is a:

- Picture-tube TV made before 1998.
- Smaller LCD set, 15- to 18-inch screen.
- TV set that was sold as High-Definition ready.
- TV set made before 2005.

YOUR TELEVISION IS PROBABLY DIGITAL IF IT IS A:

- 25-inch or larger TV made in 2005 or later.

SHOPPING FOR A CONVERTER BOX:

The Federal government will give you two coupon vouchers, worth \$40 each, to buy two converter boxes. (Every TV will need its own box.) To get the coupon vouchers, go online to www.dtv2009.gov, or call 888-DTV-2009. TV retailers are supposed to tell customers about the TV Converter Box Coupon Program and encourage people to apply for the coupon voucher, but don't rely on that. A better strategy is to get the coupon vouchers before you go shopping. You won't be reimbursed if you buy a converter box without a coupon voucher. The boxes

are sold at Target, Best Buy, Sears, Kmart, Wal-Mart, Radio Shack, Circuit City, and other retailers. Check online at www.dtv2009.gov for a list of stores near you. You may want to call the store ahead of time to be sure the boxes are in stock.

SHOPPING FOR A NEW TV:

You don't really need an HDTV to watch TV after the broadcast change. A digital TV (also known as DTV) will work fine. However, you won't get the high-definition picture without the more expensive HDTV.

OUT WITH THE OLD:

If you want to get rid of a TV of any kind, remember that it's illegal to throw a TV into the trash. TVs are e-waste and must be recycled. To find a recycler near you, go online to www.ecycle.org. There are more than 470 e-waste recyclers through the State, including Goodwill Industries. Ask if the recycler will pick up the TV at your home.

For more information, visit these Web sites:

www.dtv2009.gov
www.dtvanswers.com
www.dtvtransition.org
www.dtv.gov



THE 3,000-MILE OIL CHANGE MYTH

**Change your oil less often to
save money and the planet.**

We've all heard it: "Change your vehicle's oil and filter every 3,000 miles – it's cheap insurance, and your car will last longer." For most newer cars today, it's no longer true.

Engines in today's automobiles are smaller, have finer tolerances, run faster, and are more efficient than those used by yesterday's vehicles. Similarly, they use multigrade oil that works well at a range of temperatures. Single grade, non-detergent oils, such as →

→ SAE 30, are now largely obsolete. Almost all passenger vehicles now sold use 10w30 or, for colder environments, 5w30. Also, manufacturers' suggested oil change intervals now range from 10,000 miles on some models to an average of between 5,000 and 7,500 miles.



Research by the California Integrated Waste Management Board shows that nearly three-quarters of California drivers change their motor oil more often than automakers' recommendations. Doing so generates millions of gallons of waste oil every year which can pollute California's natural resources. Still not convinced? Check your car owners' manual, or go online to **www.3000milemyth.org** for oil change recommendations for the top 20 most popular vehicles sold from 2000 to 2007.

How should you change your oil?

- Do it yourself. It will cost between \$8 to \$10 in parts, but it's messy, and you have to recycle the old oil. Also, your car's warranty may require specific documentation of oil changes.
- Take your car to your dealer or to a Bureau of Automotive Repair-certified mechanic for an oil change. Many places will allow you to make an appointment to save time.
- Take your car to one of the many convenience oil change/lube stations. However, be aware (see next page) that customers at some of these shops have reported problems including substandard service, unnecessary charges, and price gouging.





Oil change scams that drain your wallet

There are honest oil change/lube shops out there, but there are also shops that are not so honest. The Bureau of Automotive Repair (BAR) routinely receives consumer complaints about these shops. Complaints include over-tightening oil drain plugs, installing oil filters incorrectly, failing to replace engine oil, and installing incorrect fluid in brake master cylinders, engine

cooling systems, and transmissions. All this can severely damage your vehicle and endanger its occupants.

So far, unscrupulous business practices have yielded oil change chains far higher profits than any penalties from the courts. If you decide to patronize an oil change/lube shop, be on the lookout for the following dishonest or even illegal practices:

Bait and switch: A chain of shops advertises oil changes at bargain prices, but when you visit, you learn that the price covers only a lower grade oil. The type of oil recommended by your car's manufacturer will cost you much more.

Phony fees: When you get your bill, in addition to the price quoted, you see used oil and filter disposal fees. The attendant may explain that the State of California requires the proper disposal of these items, implying that these charges are State fees. This is illegal and should be reported to the Bureau of Automotive Repair (BAR). Call (800) 952-5210 or go online to www.smogcheck.ca.gov for more information. The State does require the proper disposal or recycling of used motor oil and filters, but the cost should be included in the oil change cost you were quoted. Many shops actually make money selling their used oil and filters to oil and metal recyclers.





Dubious diagnosis: The attendant reports that your engine is making a funny noise and suggests a diagnosis. Under State law, oil change shops may not diagnose your vehicle's mechanical condition. Diagnosing a mechanical condition can only be done by manufacturer dealers or independent automotive repair dealers licensed by the BAR. Should a lube convenience shop offer you a diagnosis, you should report the shop to BAR by calling (800) 952-5210 or going online to www.smogcheck.ca.gov.

Free fluid check: Sure, the check is free, but anything from adding a little brake fluid to power steering fluid will cost you, especially if the shop uses the wrong product. Be aware that sometimes a low fluid level indicates a problem that should be checked by your mechanic.

Consumers also report that attendants confront them with a sample of their automatic transmission fluid, saying it is "worn out" or "burned." If you have concerns about your transmission, your best bet is to have your dealer or a BAR-licensed shop take a look. Again, unless there is an imminent problem, such as a total lack of brake fluid, you may wish to take a pass on the free fluid check.

Engine flush farce: An attendant may report that your engine is particularly filthy and that you need a complete engine flush. Because today's detergent, multigrade oils keep your engine clean, a so-called engine flush (unlike a radiator flush) is a waste of money. If you become convinced that your radiator requires a flush, your mechanic, dealer, or a reliable radiator shop would better evaluate and service that system than an oil change shop.

New or used?: Some oil change convenience shops use recycled oil. If the oil meets the standards set by the SAE and recommended by your car's manufacturer, it should be fine to use in your car. However, if you are paying for used oil, you need to know about it.

Substandard filters: Just as the oil the shop sells should meet manufacturer's specifications, so should the oil filter.

Extras, extras: According to an investigation by KNBC-TV in Los Angeles, some oil change franchises have been pressured by management to meet cash quotas by selling extras to customers whether they need them or not. The wiper blades, washer fluid, or any number of other add-ons sold by these shops are not likely to be high-quality items.

DON'T GIVE A PHONY LOCKSMITH

THE KEY

TO YOUR MONEY



Having locks in your car or in your home means that sometimes you accidentally lock yourself out. When that happens, you might use a phone directory or the Internet to find a locksmith. Unfortunately, that method could also find you a criminal. At best, these bogus technicians will ruin your locks and charge you exorbitant fees. At worst they will steal your identity and sell security information about your house to burglars, says George Paddeck, Manager of Enforcement for DCA's Bureau of Security and Investigative Services (BSIS), which licenses locksmiths, locksmith companies, and other security professionals. According to Paddeck, much of this illegal activity is generated by a Bronx, New York, business that called itself Dependable Locksmith, Superb Solutions, USA Total Security, Priceline Locksmith, SOS Locksmith, or Locksmith 24 Hour, among other names.



HERE'S HOW THE SCAM UNFOLDS:

You are locked out of your car or home, so you look up locksmiths in a phone book or online and call a local number. The person who answers says "Locksmith!" (without a specific business name). You may be quoted a price of \$54 to \$58 to open your lock. The dispatcher promises to have someone out to you in ten minutes. An hour and a half later, you are desperate. A locksmith finally arrives – in an unmarked vehicle.

The phony locksmith has trouble opening your lock, then asks for more money, twice the price you were quoted. He may try to intimidate you, perhaps threaten you, and demand cash or credit card. He might even offer to drive you to an ATM to get cash. In the case of a door lock, the phony technician will be unable to pick your lock, saying it is too cheap or broken. He'll then insist on drilling your lock, which will ruin it. Next, he'll pry the door open, damaging your door and perhaps the door frame. Your locks will have to be changed, he says, which will cost \$800 or more.

THE REAL DEAL:

A licensed, professional locksmith can open any lock used on a residential door. Automobiles, particularly those built after 2005, can usually be opened by a locksmith entering a code from the Vehicle Identification Number (VIN) into a handheld device (a process similar to that used by On-Star). Paddeck estimates that no lock should cost more than \$100 to open anytime. Many reputable locksmiths will charge \$50 or less.



HERE'S HOW TO AVOID BECOMING A VICTIM OF THIS SCAM:

- Ask to see the license of the responding locksmith. Verify the license online at **www.bsis.ca.gov** or call (800) 952-5210. You can also check out a business through your local Better Business Bureau. Visit **www.bbb.org**, or consult your phone directory for a local BBB office.
- If you are locked out of your car, check with your auto insurance company first. Your insurance company may have a list of recommended locksmiths or may offer locksmith services as part of its benefits.

When you call for locksmith services, be sure the dispatcher gives you the full range of possible charges. If the person can't give you that information, call someone else.

- If anything seems wrong, stop the process. If the locksmith threatens you or insists on a charge for showing up, call the police immediately.
- Do not pay in cash. Make sure the locksmith gives you a receipt that has a company name, local address, and phone number. Also be certain that the receipt notes the cost of all parts, services, and the full amount you were charged.

NEW STATE LAWS WILL IMPACT YOUR LIFE

If you drive a car, use a gift card, or even talk on a cell phone, California has a new law that applies to you. The laws listed here took effect January 1, 2008, unless otherwise noted.

Cell phone use while driving

Prohibits use of a cell phone while driving unless the device is set up for hands-free listening and talking. Effective July 1, 2008.

Prohibits anyone under 18 from using a cell phone or text-messaging device while driving, even if the device is equipped for hands-free talking and listening. Effective July 1, 2008.

Condominium conversion, notifying tenants

Requires that all written notices of a condominium conversion be issued in the language the tenant's rental agreement was negotiated in.

Diesel-powered vehicles

Begins the process to include lightweight diesel-powered vehicles made after the 1997 model year in the biennial Smog Check program, beginning January 1, 2010.

Gift certificates

Allows any gift card with a value of less than \$10 to be redeemed in cash and states that gift certificates for food items cannot have an expiration date, with certain exceptions.

Higher vehicle fees

Increases by \$8 a year the smog abatement fee paid by many car owners and increases by \$3 a year the registration fee on all vehicles.

Lemon Law for military personnel

Extends Lemon Law protections to active-duty military personnel who purchase a vehicle, if the

manufacturer sells vehicles in California and the member of the Armed Forces was stationed in or a resident of California when the vehicle was purchased or the Lemon Law action was filed.

Light bulbs

Requires the California Energy Commission to adopt energy efficiency standards for general-purpose light bulbs.

Pet protection

Allows courts to include pets in protective orders in domestic violence cases.

Smoking in a vehicles with a minor inside

Provides for a fine of up to \$100 for smoking in a motor vehicle if a minor is present.

Tanning salons

Prohibits teenagers between 14 and 18 from using an ultraviolet tanning device at a tanning salon unless a parent or guardian consents in person.

Tenants' residency status

Prohibits cities and counties from requiring landlords to ask the residency status of tenants as a way to identify people who are in the county illegally.

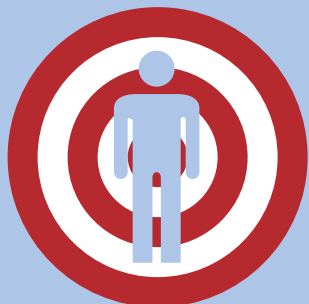
Victims of sex offenses

Allows victims of certain sex crimes to keep their names and addresses confidential.



CONSUMER SCAM ALERT:

ROUNDUP OF CURRENT SCAMS



Advance fee loan scams

Your credit history isn't the greatest, but through newspaper or magazine ads or over the phone from a telemarketer, you learn there's a great chance you'll be approved for a loan. The catch is, you must pay an advance fee to the lender. Once you send the money (usually through Western Union), you never hear from the company again. Often the ads will feature toll-free numbers with prefixes of 800, 866, or 877, or area codes from Canada, 416, 647, 905, or 705. The Federal Trade Commission has more information on this fraud.

Visit www.ftc.ca.gov, or call (877) 382-4357.



Swatting: A dangerous form of spoofing

In the early hours of March 29, 2007, Frank Yates awoke to the sound of heavy footfalls in his backyard. Careful not to disturb his wife and two children, he crept to the kitchen, grabbed a knife, and slipped onto his patio. Suddenly his face was swarmed with the target lasers from a dozen rifles. A SWAT team emerged from the shadows. Ordered to the ground and handcuffed, Yates and his family were terrified. They were also innocent.

Police learned that the Lake Forest, CA, family was the victim of "swatting," a malevolent form of spoofing where a prankster uses phone and computer technology to disguise his caller ID as that of his target. The swatter then calls 911 and describes a crime in progress. In this case the swatter, Randal Ellis, a Washington State resident, told police he had killed a member of his family and more would follow. His false caller ID indicated he was phoning from the Yates' home.

Last December, a Salinas mother and her two children found their apartment surrounded by a SWAT team responding to a similar spoof initiated by the Chicago-based chat friend of the woman's son. Also early this year, five people from around the nation pleaded guilty to a swatting spree that began in 2002 and involved more than 100 victims in 60 cities.

A \$20,000 phone bill?

Consumers have reported to the Yolo County District Attorney that they had phone bills as high as \$20,000 after they returned calls to 809, 284, or 876 area codes. The victims were told a family member or friend was in trouble or that they needed to call to collect a prize. Those area codes belong to the Bahamas or the Dominican Republic. Victims who return the calls are kept on the phone racking up international long-distance charges. If you receive any similar messages, report them to the consumer fraud unit of your local district attorney's office.



HOT OFF THE PRESS: New publications to inform and enlighten



BOARD OF PODIATRIC MEDICINE

*You Don't Have to Live With Foot Pain:
Orthotics Can Help*

BUREAU OF SECURITY AND INVESTIGATIVE SERVICES

*Consumer's Guide to Repossession Practices
and Guide to License Types*

THE DEPARTMENT OF CONSUMER AFFAIRS' COMPLAINT RESOLUTION PROGRAM

*Complaint Resolution Program: Bridging the
Gap to Mutually Acceptable Dispute Resolution*

BUREAU OF AUTOMOTIVE REPAIR

*A Consumer's Guide to Auto Repair, Some
Things You Need to Know About Smog Check
in California, and Summer Driving Tips*

ACUPUNCTURE BOARD


*Consumer Guide to Acupuncture and
Asian Medicine*

These new publications – and a host of others – are available for download at **www.dca.ca.gov/publications**. To order free, printed copies, call the publications hotline at (866) 320-8652, or download and mail in the DCA Publications List found at **www.dca.ca.gov/publications/publications_list.pdf**. Bulk copies are available to community-based organizations at no charge.



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1. Did you find the information in our magazine:

- ☐ Very useful
- ☐ Somewhat useful
- ☐ Neutral
- ☐ Not useful

2. Identify the article(s) you found to be the most valuable.

3. What topics would you like to see covered in future issues?
(Select all that apply)

- ☐ Health / Medicine
- ☐ Identify theft
- ☐ Auto repair
- ☐ Landlord / tenant issues
- ☐ Home repair scams
- ☐ Other:



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**1625 North Market Blvd.
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For consumer information and assistance, contact DCA's Consumer Information Center toll-free at (800) 952-5210, by e-mail to dca@dca.ca.gov, or online at www.dca.ca.gov/cic.

MONEY\$MART\$

Everyday
financial facts
to educate,
empower, and
amuse



THIS EDITION: **ANNUITIES**

Wouldn't it be great if you could give someone a bunch of money and they'd give it back to you a little at a time – with interest? That way the money lasts longer and keeps on working, even if you're not.

That's the concept behind an annuity. Annuities come in two basic flavors, deferred and immediate. Immediate begins to pay you back as soon as you buy it. Deferred builds interest for a while before it starts paying you. Simple, right?

Unfortunately, annuities are much more complicated than that, depending on how the money draws interest (a set rate or a variable rate for funds invested in stocks, bonds, or whatever) and how you want the money paid out (over your lifetime, over your spouse's lifetime, over a certain number of years, and other choices).

TAKE OUR LITTLE QUIZ TO SEE HOW MUCH YOU KNOW ABOUT ANNUITIES.

1) Who sells annuities?

- a) Your Uncle Ira.
- b) A licensed insurance agent.
- c) An annuity store.

2) How much does it cost to buy an annuity?

- a) An arm and a leg, or other body parts.
- b) All the money you have.
- c) It depends.

3) What does “whole life” with an annuity include?

- a) Your entire cosmic existence.
- b) A lump sum to be paid to your survivors after your death.
- c) An insurance policy.

4) What is a fixed annuity?

- a) One that isn't broken.
- b) An annuity that pays out a guaranteed interest rate.
- c) An investment alternative to money market accounts or CDs.

5) What is a single premium annuity?

- a) An annuity for people who aren't married.
- b) An annuity in which you pay the insurance company one lump sum.
- c) One annuity.

ANSWERS: 1) b 2) c 3) b,c 4) b,c 5) b

How'd you do? Not to worry. All you need to save your financial soul is knowledge.

OK, now focus; this involves homework. The first thing you need to know is that a person who sells an annuity in California must be licensed by the California Department of Insurance. Verify your agent's license online at www.insurance.ca.gov or by calling (800) 927-HELP or (800) 927-4357. The Department of Insurance also has consumer information about annuities (hint: homework). Go online or call for information or to file a complaint about an insurance agent.

The U.S. Securities and Exchange Commission also has information for consumers, particularly about variable annuities that invest in securities. Here are some online resources:

www.sec.gov/investor/pubs/varannty.htm
www.sec.gov/answers/annuity.htm
www.sec.gov/investor/pubs/equityidxannuity.htm

Seniors Against Investment Fraud (SAIF), a program of the California Department of Corporations, has information and a fact sheet about seniors and annuity purchases. Call (866) ASK-CORP or (866) 275-2677 or go online to www.corp.ca.gov/Education_Outreach/saif/default.asp.

The California TAP\$ (Troops Against Predatory Scams) campaign has educational materials to inform members of the military about financial matters, including annuities. Call (866) ASK-CORP or (866) 275-2677 or go online to www.corp.ca.gov/Education_Outreach/taps/default.asp for information.

NEXT EDITION:

**The stock market:
What's it all about, alpha?**

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